

Alpine Canada Alpin

Financial Statements
April 30, 2020



Independent auditor's report

To the Members of Alpine Canada Alpin

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Alpine Canada Alpin (the Organization) as at April 30, 2020 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

What we have audited

The Organization's financial statements comprise:

- the balance sheet as at April 30, 2020;
- the statement of operations and changes in fund balances for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

Calgary, Alberta
July 8, 2020

Alpine Canada Alpin

Balance Sheet

As at April 30, 2020

	2020	2019
	\$	\$
Assets		
Current assets		
Funds held in trust (note 3)	-	64,800
Short-term investments (note 5)	13,882	2,786
Accounts receivable, net of allowance for doubtful accounts of \$94,374 (2019 – \$150,562)	2,431,439	998,210
Prepaid expenses	10,575	66,483
Inventory (note 6)	81,757	137,628
	2,537,653	1,269,907
Assets held in trust	716,941	735,155
Property and equipment (note 7)	486,807	505,481
	3,741,401	2,510,543
Liabilities		
Current liabilities		
Bank indebtedness	819,968	97,539
Accounts payable and accrued liabilities	2,302,800	2,499,179
Liability for funds held in trust (note 3)	-	64,800
Deferred contribution (note 9)	1,255,469	1,393,000
	4,378,237	4,054,518
Liability for assets held in trust	716,941	735,155
	5,095,178	4,789,673
Fund Balances		
Externally restricted	-	-
Unrestricted	(1,353,777)	(2,279,130)
	(1,353,777)	(2,279,130)
	3,741,401	2,510,543
Commitments (note 12)		

Approved by the Board of Directors

_____ Director

_____ Director

The accompanying notes are an integral part of these financial statements.

Alpine Canada Alpin

Statement of Operations and Changes in Fund Balances

For the year ended April 30, 2020

	<u>2020</u>	<u>2019</u>
	\$	\$
Revenue		
Fundraising	1,629,877	921,678
Sponsorship and Supplier Pool	3,087,717	3,099,580
Events (excluding federal and provincial grants)	362,870	66,202
Government of Canada	6,329,312	5,975,988
Provincial grants	307,500	100,000
Coach education	570,182	503,323
Domestic initiatives	598,739	599,448
Membership fees	831,024	737,175
Team fees	391,750	634,000
Other	270,818	250,970
	<u>14,379,789</u>	<u>12,888,364</u>
Expenses		
Events	932,829	621,626
Sponsorship	958,080	841,647
Canadian Alpine Ski Team	3,874,010	5,279,360
Canadian Para-Alpine Ski Team	1,506,752	1,604,029
Canadian Ski-Cross Team	2,041,384	2,231,205
Supplier Pool	1,233,349	1,149,759
Membership Programs	699,102	755,056
Fundraising (note 10)	300,004	244,095
Administration	1,126,056	1,655,537
Communications and marketing	285,518	251,373
Coach education	396,243	477,875
Amortization of property and equipment	101,109	63,126
	<u>13,454,436</u>	<u>15,174,688</u>
Excess (deficiency) of revenue over expenses	925,353	(2,286,324)
Fund balance – Beginning of year	(2,279,130)	7,194
Fund balance – End of year	<u>(1,353,777)</u>	<u>(2,279,130)</u>

The accompanying notes are an integral part of these financial statements.

Alpine Canada Alpin
Statement of Cash Flows
For the year ended April 30, 2020

	2020	2019
	\$	\$
Cash provided by (used in)		
Operating activities		
Excess (deficiency) of revenue over expenses	925,353	(2,286,324)
Items not affecting cash		
Amortization of property and equipment	101,109	63,126
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	1,026,462	(2,223,198)
Change in non-cash working capital		
Accounts receivable	(1,433,229)	562,752
Prepaid expenses	55,908	122,441
Inventory	55,871	70,775
Accounts payable and accrued liabilities	(196,379)	977,028
Deferred contribution	(137,531)	1,340,000
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	(628,898)	849,798
Investing activities		
Purchase of property and equipment	(82,435)	(12,427)
Net additions from sale of restricted short-term investments	(11,096)	121,569
Decrease in restricted cash	-	361,309
	<hr/>	<hr/>
	(93,531)	470,451
Change in bank indebtedness	(722,429)	1,320,249
Bank indebtedness – Beginning of year	(97,539)	(1,417,788)
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Bank indebtedness – End of year	(819,968)	(97,539)
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The accompanying notes are an integral part of these financial statements.

Alpine Canada Alpin

Notes to Financial Statements

April 30, 2020

1 Nature of operations

Alpine Canada Alpin (“the Association”) is a non-profit organization incorporated under Part II of the Canada Corporations Act and is a Registered Canadian Amateur Athletic Association. The Association is also registered under the Charitable Fundraising Act of Alberta and has considered all required disclosures under Section 7(2) of the Act in preparing these financial statements.

The Association is the national governing body responsible for the advancement of alpine ski racing in and for Canada, from domestic programs to operating the Canadian Alpine Ski Team, the Canadian Para-Alpine Ski Team and the Canada Ski-Cross Team which are comprised of Canada’s best ski racers. The Association is also responsible for the development and accreditation of Canadian ski coaches.

2 Summary of significant accounting policies

The financial statements of the Association have been prepared in accordance with accounting standards for not-for-profit organizations as set out in Part III of the CPA Handbook Canada.

a) Changes in Accounting

Effective May 1, 2019, the Organization adopted the new standard in the Chartered Professional Accountants of Canada Handbook, Part III – Accounting for Not-for-Profit Organizations Section 4433 (Tangible Capital Assets Held by Not-for-Profit Organizations).

The adoption of Section 4433 – Tangible Capital Assets Held by Not-for-Profit Organizations resulted in a change to the Organization’s accounting policies with respect to componentization and amortization of tangible capital assets. The cost of tangible capital assets made up of significant separable component parts is now allocated to the component parts when practicable and when estimates can be made of the estimated useful lives of the separate components.

In accordance with the transitional provisions in Section 4433, the cost and related accumulated amortization of those tangible capital assets identified as having significant separable components were allocated to their component parts as of May 1, 2019 based on the proportional value of the fair value at the transition date. Estimates of the useful lives of the components were made and applied on a prospective basis.

Also, in accordance with Section 4433, the Organization’s accounting policies with respect to impairment of property and equipment has been reviewed and no revisions were required (note 7).

b) Use of estimates

The preparation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from these estimates, and differences could be material. Significant estimates include the recoverability of property and equipment and the collectability of accounts receivable.

Alpine Canada Alpin

Notes to Financial Statements

April 30, 2020

c) Fund accounting

The General Fund reports all transactions and balances related to the operations of the Association. The CSCF Fund ("Canadian Ski Coaches Federation" Fund) reports all transactions and balances related to restricted resources that are to be used, for a period of 3 years following June 30, 2015, to further alpine ski coaching education, development and other related alpine ski coaching initiatives, and to any potential claims or losses that may arise from the acquisition of the Canadian Ski Coaches Federation, as a result, any remaining funds were transferred from the CSCF fund to General Fund. After June 30, 2018, the restricted resources can be used for general purposes.

d) Revenue recognition

i) Contributions and donations

The Association follows the restricted fund method of accounting for contributions. Unrestricted contributions are recognized as revenue in the general fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. All other restricted contributions are deferred and recognized into revenue in the general fund in the year in which the related expenses are incurred.

ii) Corporate advertising and sponsorships

All advertising and sponsorship revenues are recognized as earned in accordance with the terms of the contract, when such amounts are determinable and collection is reasonably assured.

iii) Memberships and fees

Memberships and fees are charged on an annual basis matching the fiscal period of the Association and are recorded as revenues as in the period the membership related to.

iv) Government grants

Government of Canada grants and provincial grants are subject to certain terms and conditions regarding the expenditures of these funds, with expenses charged against these contributions being subject to government audit. As a result, adjustments may be made to the original contributions received. The effect on net revenue or expenditures of any adjustment arising from this audit is reflected in the year in which the audit is completed. Contributions received in advance of the fiscal and program expenditures years are deferred to the applicable year.

v) Domestic initiatives and coach education

Revenue generated from domestic initiatives and coach education are recorded on an annual basis matching the fiscal period of the Association and are recorded in the period the activities relate to. These initiatives include targeted athletic programming, insurance and activities related to coach education including annual membership dues, courses, and other initiatives.

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Notes to Financial Statements

April 30, 2020

e) Donated materials and services

Donated materials and services are recorded at fair value when a fair value can be reasonably estimated and when the materials and services are used in the normal course of the Association's operations and would otherwise have been purchased. During fiscal 2020, \$1,274,485 of contributed services and materials were recorded in the financial statements (2019 – \$1,062,347). Contributed volunteer services are not recognized in the financial statements because of the difficulty in determining their value.

f) Assets held in trust and liability for assets held in trust

Funds held in trust for certain athletes are included as assets and liabilities of the Association when accountability of these funds rests with the Association. Assets held in trust consist of cash and marketable securities and the marketable securities have been recorded at fair value.

g) Income tax status

The Association is a not-for-profit organization and as such, is exempt from income tax.

h) Cash and bank indebtedness

Cash consists of funds held at financial institutions. Bank indebtedness is cash overdraft at financial institutions and cheques issued at year-end.

i) Property and equipment

Capital assets are recorded at cost less accumulated amortization and any provision for impairment. The cost for contributed capital assets is considered to be fair value at the date of contribution. The cost of capital assets made up of significant separable component parts is allocated to the component parts when practicable and when estimates can be made of the estimated useful lives of the separate components.

Capital assets are tested for impairment when conditions indicate that a capital asset no longer contributes to Alpine Canada Alpin's ability to provide goods and services, or that the value of future economic benefits or service potential associated with the capital asset is less than its net carrying amount. When conditions indicate that a capital asset is impaired, the net carrying amount of the capital asset is written down to the asset's fair value or replacement cost. The write-downs of capital assets are recognized as expenses in the statement of operations.

Write-downs are not subsequently reversed.

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Notes to Financial Statements

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Property and equipment are recorded at cost less accumulated amortization. Property and equipment are amortized over their estimated useful lives, with a half year of amortization taken during the year of acquisition, with the exception of vehicles. Property and equipment are amortized at the following rates:

Asset	Rate	Basis
Computer equipment and systems	30%	straight-line
Racing equipment	30%	straight-line
Ski equipment	20%	straight-line
Marketing website	20%	straight-line
National Alpine Training Centre	15%	straight-line
World cup equipment	15%	straight-line
Fitness testing equipment	15%	straight-line
Vehicles	30%	declining balance
Netting	10%	straight-line
Towers and structures	5%	straight-line

Capital in progress items are not subject to amortization until they are put into use.

j) Foreign currency translation

Foreign currency monetary assets and liabilities are translated to Canadian dollars at the year-end exchange rate and non-monetary assets and liabilities are translated at historic rates. Revenues and expenses are translated at average exchange rates, except for amortization, which is translated at the exchange rate prevailing when the related assets were acquired. Exchange gains and losses resulting from translation are included in the statement of operations.

k) Financial instruments

The Association's financial instruments recognized in the balance sheet consist of cash (bank indebtedness), accounts receivable, short-term investments, funds held in trust, assets held in trust, accounts payable and accrued liabilities, liability for funds held in trust and liability for assets held in trust. The Association records these financial instruments initially at fair value and subsequently at amortized cost except funds held in trust and assets held in trust which is recorded at fair value. Financial assets are tested for impairment at the end of each reporting period when there are indications that the assets may be impaired.

The Association is not exposed to significant interest rate risk or currency risk from these financial instruments.

i) Credit risk

The Association does not have a concentration of credit exposure with any one customer or sponsor. The Association does not consider that it is exposed to undue credit risk, and the Association takes steps to ensure it minimizes its credit risk by dealing with creditworthy counterparties and regularly

monitoring collection of accounts receivable. There has been no significant change in risk exposure from the previous year.

ii) Foreign currency risk

The Association enters into transactions denominated in foreign currencies for which the related revenues, expenses, accounts receivable and accounts payable balances are subject to exchange rate fluctuations. There has been no change in risk exposure from the previous year.

iii) Liquidity risk

Liquidity risk is the risk that the Association will not be able to meet all of its financial obligations as they become due. The Association manages its liquidity risk through adherence to its annual budget in addition to stringent management of receivables. There has been no significant change in risk exposure from the previous year.

3 Funds held in trust and liability for funds held in trust

The association is the administrator of funds received from the Canadian Ski Council for the promotion of National Ski and Snowsport Day. The association sends a portion of the funds received to the selected snowsport national sport organizations (NSO). As a result, funds held in trust of \$nil has been recorded for the year ended 2020 (2019-\$64,800).

4 Government remittances

Government remittances consist of amounts required to be paid to government authorities and are recognized when the amounts are due. In respect of government remittances, \$17,851 (2019 - \$53,722) is included in accounts payable and accrued liabilities.

5 Short-term investments and restricted short-term investments

Short-term investment balances are comprised of the following:

	2020 \$	2019 \$
Short-term investments		
Other short-term investments	13,882	2,786
	<hr/>	<hr/>

6 Inventory

Included in Supplier Pool expense is a cost of goods sold of \$183,620 (2019 - \$132,443).

Alpine Canada Alpin
Notes to Financial Statements
April 30, 2020

7 Property and equipment

	<u>2020</u>			<u>2019</u>
	Cost	Accumulated	Net	Net
	\$	\$	\$	\$
Computer equipment	219,402	77,473	141,929	775
Racing equipment	119,545	114,045	5,500	8,605
National alpine training centre	126,552	126,552	-	-
World cup equipment	226,217	222,627	3,590	5,837
Office equipment	17,973	17,973	-	-
Fitness testing equipment	62,018	62,018	-	1,550
Netting	149,021	73,224	75,797	90,699
Towers and structures	295,000	73,750	221,250	236,000
Marketing website	52,660	36,862	15,798	26,330
Ski equipment	62,007	39,064	22,943	17,169
Capital in progress	-	-	-	118,516
	<u>1,330,395</u>	<u>843,588</u>	<u>486,807</u>	<u>505,481</u>

Capital in progress project for the long term athlete development project (LTAD) was completed in May 2020, related costs were transferred to computer equipment and systems.

8 Available credit facility

The Association has an available \$1,000,000 (2019 – \$1,100,000) demand credit facility with a Canadian chartered bank, bearing interest at prime (2018 – prime plus 0.5%). As at April 30, 2020, \$813,309 was outstanding under this facility (2019 – \$29,695). The Association increased the credit facility from \$1,100,000 to \$1,750,000 from April 30, 2019 until August 31, 2019 to offset operating costs incurred in this period.

At year-end, the Association reported bank indebtedness of \$819,968 (2019 – \$97,539) on its balance sheet, which consists of cash overdraft at a financial institution and cheques issued but not cashed at year-end.

All personal property of the business now owned, which includes among other things, equipment and receivables, and all personal property acquired in the future, is pledged as collateral for the credit facility.

Alpine Canada Alpin

Notes to Financial Statements

April 30, 2020

9 Deferred contribution

Deferred contributions in the general fund result from externally restricted contributions that have not yet been spent. These externally restricted contributions are then recognized into revenue in the general fund in the year in which the related expenses are incurred.

Changes to the deferred contributions balance during the year are as follows:

	2020 \$	2019 \$
Balance – Beginning of year	1,393,000	53,000
Contributions in the year	5,627,469	6,831,367
Amounts recognized as revenue	(5,765,000)	(5,491,367)
Balance – End of year	<u>1,255,469</u>	<u>1,393,000</u>

10 Fundraising expenses

As required under Section 7(2) of the Charitable Fundraising Act of Alberta, the following amounts are disclosed:

	2020 \$	2019 \$
Amounts paid as remuneration to employees whose principal duties involve fundraising	<u>236,548</u>	<u>244,500</u>

11 Related Party

Related party transactions are made on the terms equivalent to those that prevail in an arm's length transaction.

	Donations \$	Sponsorship \$	Pledges \$
Employees	915	-	
Board members	208,232	410,000	1,516,000
	<u>209,147</u>	<u>410,000</u>	<u>1,516,000</u>

12 Commitments

The Association is jointly liable with a third party for a commitment to rent office space in Calgary, Alberta. Both parties are committed to pay minimum annual lease payments \$138,000 per annum until 2022. Under the terms of a separate sponsorship agreement expired April 30, 2017, the third party directly pays the cost of the rental amount. The Association recognizes the cost of rent and the corresponding contribution from the third party as sponsorship revenue. Commencing May 1, 2017, the Association is committed to pay 50% of the lease payments and operating costs for the remainder term of the lease under a new sponsorship agreement. Other commitments that the Association has committed to include a warehouse rental, an office space rental, a copier lease and an operating vehicle lease.

	\$
2020	135,816
2021	112,157
2022	91,920

13 Contingency

On June 20, 2019 Alpine Canada Alpin was named as a defendant in a proposed class-action lawsuit. Discussions with the plaintiff are ongoing. It remains premature to determine the magnitude of this action.

14 COVID-19 pandemic

On March 11, 2020, the World Health Organization (WHO) declared the outbreak of a novel coronavirus (COVID-19) as a global pandemic resulting in significant public health measures and restrictions put in place. Restrictions such as travel bans, closure of non-essential businesses and physical distancing have caused disruption to businesses and a significant decline in global capital markets resulting in an economic slowdown.

The long-term impact of the pandemic on the Organization and the economy is not yet known and information surrounding the global economic impact of COVID-19 and the estimated length of the pandemic continues to evolve. Alpine Canada Alpin has made every effort to mitigate future impacts of the pandemic on future revenues and operating results. It is not possible to estimate the results of future financial impacts of COVID-19 on the Alpine Canada Alpin subsequent to April 30, 2020.